

156 FERC ¶ 61,003
UNITED STATES OF AMERICA
FEDERAL ENERGY REGULATORY COMMISSION

Before Commissioners: Norman C. Bay, Chairman;
Cheryl A. LaFleur, Tony Clark,
and Colette D. Honorable.

Peak Reliability

Docket No. RP16-958-000

ORDER ON CLARIFICATION

(Issued July 1, 2016)

1. On May 12, 2016, Peak Reliability (Peak) requested clarification that Order No. 787¹ does not prohibit interstate natural gas pipelines from sharing non-public, operational information with Peak in connection with Peak's performance of its Reliability Coordinator duties, subject to appropriate non-disclosure agreements. As discussed below, the Commission grants Peak's request for clarification.

I. Background

2. Order No. 787 provides explicit authority to interstate natural gas pipelines and public utilities that own, operate, or control facilities used for the transmission of electric energy in interstate commerce to share non-public, operational information with each other for the purpose of promoting reliable service or operational planning on either the pipeline's or public utility's system.² The Commission found that the revised regulations would help maintain the reliability of pipeline and public utility transmission service by permitting transmission operators to share information with each other that they deem necessary to promote the reliability and integrity of their systems.

¹ *Communication of Operational Information Between Natural Gas Pipelines and Transmission Operators*, Order No. 787, 78 Fed. Reg. 70,163 (Nov. 22, 2013), FERC Stats. & Regs. ¶ 31,350 (2013) (cross-referenced at 145 FERC ¶ 61,134), *order on reh'g*, Order No. 787-A, 147 FERC ¶ 61,228 (2014), *order dismissing request for clarification*, 152 FERC ¶ 61,051 (2015).

² See 18 C.F.R. §§ 38.2 and 284.12(b)(4).

II. Request for Clarification

3. Peak states that, as a Reliability Coordinator for the Western Interconnection,³ it ensures reliable operation of the bulk electric system in its area, which spans approximately 1.6 million square miles, from British Columbia to Northern Mexico and includes all or portions of the 14 western states between. Peak states that, in concert with the balancing authorities and transmission operators, it works to ensure that the bulk electric system is operated within specified limits and that system conditions are stable within its area. Peak states that it is subject to Commission jurisdiction for compliance with the North American Electric Reliability Corporation (NERC) Reliability Standards under section 215 of the Federal Power Act. Peak states, however, that it is not a transmission operator, owner or public utility as defined in the Commission regulations.⁴

4. Peak states that, in October 2015, the Aliso Canyon natural gas storage facility in Southern California, a key part of the gas system, experienced a large gas leak. As a result of the leak, Peak states that the Aliso Canyon facility will be available for only limited service during the summer months and beyond. Peak states that California may experience electric service interruptions for up to two weeks during the summer. Peak states that it is actively following activities in California to address these conditions.⁵

5. Peak states that, due to the critical nature of natural gas storage in Southern California and the resulting reliability impacts, it has determined that it requires access to a broader scope of information to fulfill its duties to monitor real-time and forecasted reliability issues for this region. Peak states that it engages in data sharing under a multi-party agreement with the balancing authorities and transmission operators in its area, which allows for real time, non-public, operational information to be provided from these members. However, Peak states that it does not have access to natural gas pipeline operational information, which may be critical for reliability evaluation in the coming

³ NERC defines a reliability coordinator as “[t]he entity that is the highest level of authority who is responsible for the Reliable Operation of the Bulk Electric System, has the Wide Area view of the Bulk Electric System, and has the operating tools, processes and procedures, including the authority to prevent or mitigate emergency operating situations in both next-day analysis and real-time operations. The Reliability Coordinator has the purview that is broad enough to enable the calculation of Interconnection Reliability Operating Limits, which may be based on the operating parameters of transmission systems beyond any Transmission Operator’s vision.” *NERC Glossary of Terms Used in Reliability Standards*, available at, www.nerc.com.

⁴ Peak Clarification Request at 2.

⁵ Peak Clarification Request at 3.

summer months and beyond. Peak states that, because it does not fall within the definition of a public utility as defined in 18 C.F.R. § 38.2, a narrow reading of revised 284.12(b)(4) would appear to prohibit natural gas pipelines from sharing of this non-public information with Peak, regardless of the reliability benefits from doing so. Peak also states that as a unique entity that performs reliability coordination but does not own, operate or control any jurisdictional assets, it does not have a jurisdictional tariff to provide a mechanism to share data with its member or other industry participants. Peak states that, because it does not own or operate any generation or transmission assets, nor natural gas transportation facilities, there are no competitive concerns to address with the provision of this information for evaluation of reliability concerns. Therefore, Peak seeks clarification that it is not prohibited under the regulations from gaining access to non-public, operational information from natural gas pipelines, subject to appropriate non-disclosure agreements.

III. Public Notice, Intervention and Protests

6. Public notice of Peak's filing was issued on May 26, 2016.⁶ Interventions and protests were due June 3, 2016.⁷ None were filed.

IV. Determination

7. As discussed below, the Commission grants Peak's request for clarification. The Aliso Canyon natural gas storage facility in southern California is a key part of the natural gas system serving customers in the Los Angeles Basin and San Diego, California, including many natural gas-fired power plants.⁸ As a result of the operational limits imposed on Aliso Canyon, it may be necessary to curtail gas to natural gas-fired generators, which may lead to electric service interruptions.⁹ The Commission has stated that continuous communication and coordination between both the electric and natural gas industries will be critical to ensuring reliable operations this summer.¹⁰

⁶ 81 Fed. Reg. 35,759.

⁷ *Id.*

⁸ *Cal. Indep. Sys. Operator Corp.*, 155 FERC ¶ 61,224, at P 3 (2016).

⁹ *Id.* PP 3-4.

¹⁰ *Id.* P 93.

8. We find that allowing Peak to seek to obtain non-public, operational information from interstate natural gas pipelines, subject to appropriate non-disclosure agreements, will similarly help to ensure reliable operations this summer, and thereafter. Peak may establish appropriate procedures pursuant to both Order No. 698¹¹ and Order No. 787.

9. In Order No. 698, the Commission adopted standards developed by the North American Energy Standards Board (NAESB) that require interstate pipelines to establish communication protocols with reliability coordinators to deal with extreme circumstances, such as the Aliso Canyon situation. Standard 0.3.14 requires pipelines to provide Balancing Authorities and/or Reliability Coordinators with notification of operational flow orders and other critical notices.¹² Standard 0.3.15 requires pipelines to establish written operational communication procedures with Balancing Authorities and/or Reliability Coordinators to be implemented when an extreme condition could occur.¹³

10. An agreement for obtaining pipeline information also can be established through non-disclosure agreements as recognized in Order No. 787. While Order No. 787 does not address the provision of non-public, operational information from an interstate natural gas pipeline to Peak or to any other Reliability Coordinator, it did encourage the establishment of information exchanges through the use of non-disclosure agreements.¹⁴ In two separate proceedings following Order No. 787, the Commission accepted PJM's and NYISO's proposals to share non-public, operational information with natural gas local distribution companies (LDC) and intrastate natural gas pipelines, subject to non-disclosure agreements.¹⁵ The Commission found that such sharing would ensure the

¹¹ *Standards for Business Practices for Interstate Natural Gas Pipelines; Standards for Business Practices for Public Utilities*, Order No. 698, FERC Stats. & Regs. ¶ 31,251, *order on clarification and reh'g*, Order No. 698-A, 121 FERC ¶ 61,264 (2007).

¹² 18 C.F.R. § 284.12 (a)(i), Additional Standards (2015).

¹³ *Id.* The Commission indicated that limiting such communication to Balancing Authorities and Reliability Coordinators would protect against disclosure of confidential information. Order No. 698, FERC Stats. & Regs. ¶ 31,251 at P 46.

¹⁴ Order No. 787, 145 FERC ¶ 61,134 at P 58.

¹⁵ *PJM Interconnection, L.L.C.*, 147 FERC ¶ 61,105 (2014) (*PJM*), *order denying motion for clarification and reh'g*, 152 FERC ¶ 61,035, *order granting clarification*, 153 FERC ¶ 61,151 (2015); *N.Y. Indep. Sys. Operator, Inc.*, 149 FERC ¶ 61,122 (2014) (*NYISO*), *order on compliance filing and reh'g*, 151 FERC ¶ 61,159, *order granting clarification*, 153 FERC ¶ 61,151 (2015).

highest level of cooperation and coordination, thus contributing to the reliable operation of the transmission system.¹⁶ Like LDCs and intrastate natural gas pipelines, Peak has a very important role to play in ensuring reliable operation of the transmission system, especially this summer, and it can seek access to additional information from interstate natural gas pipelines, subject to a non-disclosure agreement.

11. In light of the above, as well as the lack of any opposition, we grant Peak's request for clarification.

The Commission orders:

The Commission grants Peak's request for clarification as discussed in the body of this order.

By the Commission.

(S E A L)

Kimberly D. Bose,
Secretary.

¹⁶ *PJM*, 147 FERC ¶ 61,105 at P 9; *NYISO*, 149 FERC ¶ 61,122 at P 22.